

11 December 2007

GCM plc Response to 'Fanning the Flames' report by War on Want

Asia Energy Corporation Bangladesh Pty Ltd's ('Asia Energy' or 'Company') proposed coal mine in northwest Bangladesh is included in the recent 'Fanning the Flames' report produced by War on Want, a UK based non-governmental organisation. As Asia Energy is a wholly owned subsidiary of GCM plc, we welcome the invitation from the Business and Human Rights Centre to respond.

In October 2005, Asia Energy completed the Feasibility Phase of the Phulbari Coal Project and in accordance with its contract with the Government of Bangladesh, the Company submitted its Feasibility Study. Since then the Company has been awaiting government approval to commence its mining operations.

By mid 2005, the majority of visitors to the Project's Information Centre supported the Project. However, as with any large project that requires a significant number of people to be resettled, there are those who are unsure and have concerns about how the Project may impact them and their environment. At the same time, there are others who support the Project and the development benefits it could bring to the region and the nation. During late 2005 and 2006 the Company witnessed growing opposition to the Project, organized by a non-representative body from outside the local area. In August 2006, this body organized a large protest which ended in tragedy.

Following submission of the Feasibility Study the only activity in the project area involved the Project's Information Centre, community liaison activities and ongoing environmental monitoring (as required under the conditions of the Project's environmental clearance). In August 2006, Asia Energy decided to suspend these activities in the Project area. While this has made direct engagement with local stakeholders more difficult, the Company continues to work towards providing assurances to all stakeholders, to allay their fears and respond to their concerns. With Project approval, the Company is conscious that extensive engagement with local stakeholders will need to be resumed. Asia Energy is reviewing its procedures and grievance mechanisms in preparation for this. In the meantime, a Bangla website www.phulbaricoal.com, which was created in 2007, provides information on the Project and a means through which stakeholders can request information and provide feedback and comments regarding the Project. Asia Energy has also recently placed advertisements entitled 'Our Commitment' in English and Bangla national newspapers to communicate our values and the standards that we will uphold in developing the mine. The advert invites stakeholders to get in touch with the Company directly.

The War on Want report stated that some local people have been reportedly forced to leave their homes without compensation. It is unclear where these reports come from;



but we can state categorically that the Company has not resettled anybody to date and all those whose land the Company utilized temporarily for drilling during the exploration phase have been fully compensated.

With regard to income restoration, the Company is committed to meeting the Equator Principles (which require that incomes are restored, if not improved). Additionally, the Company is committed to ensuring that the Asian Development Bank's standards are strictly adhered to as well as national regulations. In keeping with our commitments and values, staff continue to be trained and kept abreast of best practices in all areas of social and environmental performance, including human rights.

Yours faithfully

A handwritten signature in blue ink, appearing to read "S. Bywater", is positioned above the printed name.

Steve Bywater
Chief Executive